GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:315
ANSWERED ON:03.02.2017
Income Tax on Senior Citizens
Tadas Shri Ramdas Chandrabhanji

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to implement any scheme of monthly interest of 8 per cent on fixed deposit scheme for 10 years for 7.5 lakh rupees for senior citizens under the income tax net; and
(b) if so, the details thereof and if not, the reasons therefor?

Answer

(a) & (b) Sir, the Varishtha Pension Bima Yojana (VPBY), 2017, a Government supported scheme, is being implemented through LIC, to provide social security during old age and protect elderly persons aged 60 years and above. The scheme protects investors against a future fall in the interest income due to uncertain market conditions. The scheme provides an assured pension based on a guaranteed rate of return of 8% per annum for ten years, with an option to opt for pension on a monthly / quarterly / half-yearly and annual basis. The differential return, i.e. the difference between the return generated by LIC and the assured return of 8% per annum would be borne by Government of India as subsidy on an annual basis.